

MONTANA LEGISLATIVE HISTORY

Chapter 288 19 81

Bill H 629 S _____ Original bill & history / c

H. Committee on Taxation

Hearing Date(s) 2-20 ☒ c

_____ c

_____ c

_____ c

Date Out _____ c

S. Committee on Taxation

Hearing Date(s) 3-19 ☒ c

_____ c

_____ c

_____ c

Did this bill originate in an interim committee? ____ Yes ____ No

Committee _____

Report _____

HEARING: 3/10
REPORT: 3/18, BE CONCURRED IN, AS AMENDED
2ND READING: 3/20, YEAS: 30; NAYS: 18
3RD READING: 3/23, YEAS: 30; NAYS: 18

RETURNED TO HOUSE WITH AMENDMENTS: 3/23
2ND READING: 4/8 YEAS: 85; NAYS: 4
3RD READING: 4/9 YEAS: 79; NAYS: 14

TRANSMITTED TO GOVERNOR: 4/13
ACTION: GOVERNOR VETCED, 4/17

MOTION, 4/21, THAT THE HOUSE VOTE TO OVERRIDE GOVERNOR'S VETO
MOTION PREVAILED, YEAS: 73; NAYS: 27

ON MOTION, 4/21, SENATE FAILS TO OVERRIDE VETO
YEAS: 33; NAYS: 17

ON MOTION, 4/22, SENATE RECONSIDERED PREVIOUS MOTION
OVERRIDE MOTION FAILS--2ND ATTEMPT
YEAS: 32; NAYS: 18

627--ASAY, DOZIER--TO ALLOCATE REVENUE COLLECTED ON CERTAIN CENTRALLY
ASSESSED PROPERTY IN A COUNTY TO LOCAL GOVERNMENTS IN THE COUNTY ON A
POPULATION BASIS.

FISCAL NOTE: REQUIRED
INTRODUCED: 2/3
REFERRED TO COMMITTEE ON TAXATION: 2/3
BILL DIED IN COMMITTEE

628--BRIGGS, CONROY, CURTISS, ET AL--TO PROHIBIT THE DEPARTMENT OF
NATURAL RESOURCES FROM CONSTRUCTING, OPERATING, AND MAINTAINING WATER
PROJECTS FOR THE DEVELOPMENT OF POWER....

FISCAL NOTE: REQUIRED
INTRODUCED: 2/3
REFERRED TO COMMITTEE ON NATURAL RESOURCES: 2/3
HEARING: 2/18
BILL DIED IN COMMITTEE

629--HARRINGTON, DAILY, QUILICI, ET AL--TO CLARIFY THE REPORTING
REQUIREMENTS FOR PERSONS SUBJECT TO THE GROSS PROCEEDS TAX AND
METALLIFEROUS MINES LICENSE TAX....

INTRODUCED: 2/4
REFERRED TO COMMITTEE ON TAXATION: 2/4
HEARING: 2/20
REPORT: 2/22, DO PASS AS AMENDED
2ND READING: 3/3 YEAS: 95; NAYS: 1
3RD READING: 3/5 YEAS: 94; NAYS: 1

TRANSMITTED TO SENATE: 3/5
REFERRED TO COMMITTEE ON TAXATION: 3/6
HEARING: 3/19
REPORT: 3/19, BE CONCURRED IN
2ND READING: 3/24, AS AMENDED, BE CONCURRED IN
SEGREGATED: 3/24
2ND READING: 3/25, BE CONCURRED IN
3RD READING: 3/27, YEAS: 50

RETURNED TO HOUSE: 3/27
TRANSMITTED TO GOVERNOR: 4/1
ACTION: SIGNED, 4/6
CHAPTER 288

HOUSE BILL NO. 629

INTRODUCED BY HARRINGTON, DAILY, QUILICI, ELLISON,
DOZIER, PAVLOVICH, McBRIDE, D. BROWN, MENAHAN,
STIMATZ, J. JACOBSON, BURNETT, SHELDEN,
BERTELSEN, HEALY, KANDUCH, TOWE, HAFLEY

IN THE HOUSE

February 4, 1981	Introduced and referred to Committee on Taxation.
February 24, 1981	Committee recommend bill do pass as amended. Report adopted.
March 3, 1981	Bill printed and placed on members' desks. Second reading, do pass.
March 4, 1981	Correctly engrossed.
March 5, 1981	Third reading, passed. Ayes, 94; Noes, 1. Transmitted to Senate.

IN THE SENATE

March 6, 1981	Introduced and referred to Committee on Taxation.
March 19, 1981	Committee recommend bill be concurrent in. Report adopted.
March 23, 1981	Motion pass consideration.
March 24, 1981	Second reading, concurred in as amended. Segregated.
March 25, 1981	Second reading, concurred in.
March 27, 1981	Third reading, concurred in. Ayes, 50; Noes, 0.

IN THE HOUSE

March 28, 1981

Returned from Senate. Con-
curred in. Sent to enrolling.

Reported correctly enrolled.

HOUSE BILL NO. 629 *Parham*
 INTRODUCED BY *HARRINGTON Daily*
McBride Dave Brown Monahan Strimetz J. Jacobson
 A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE
 REPORTING REQUIREMENTS FOR PERSONS SUBJECT TO THE GROSS
 PROCEEDS TAX AND METALLIFEROUS MINES LICENSE TAX AND TO
 REQUIRE ANY NECESSARY ASSAY TO BE COMPLETED PRIOR TO MIXTURE
 OF ORES AND SHIPMENT FROM THIS STATE; AMENDING SECTIONS
 15-23-802 AND 15-37-104, MCA."
 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:
 Section 1. Section 15-23-802, MCA, is amended to read:
 "15-23-802. Metal mines -- ad valorem taxation --
 reports and sampling. (1) Each person mining or extracting
 gold, silver, copper, lead, or other metals from whatever
 source any mine or mining property located within this state
 must, on or before March 31 each year, file with the
 department of revenue a statement of the gross metal yield
 from each mine or mining property owned or worked by such
 person in the preceding calendar year and the value thereof.
 The statement shall be in the form prescribed by the
 department and shall contain the following:
 (1) the name, address, and telephone number of the
 owner, lessee, or operator of the mine or mining property;
 (2) the mine's location by county and legal

description;
 (3) ~~the tons of ore extracted from the mine during the~~
~~taxable period;~~
 (4) ~~the merchantable value in dollars and cents of all~~
~~metals extracted; and~~
 (c) the number of tons of ore or other mineral
products or deposits extracted from the mine or mining
property during the period covered by the statement;
 (d) the name and location of the smelter, mill, or
reduction works to which such ore or other mineral products
or deposits have been shipped or sold during the period
covered by the statement;
 (e) the gross yield of such ores, mineral products, or
deposits in constituents of commercial value; that is, the
number of ounces of gold or silver, pounds of copper, lead,
or zinc, or other commercially valuable constituents of such
ores or mineral products or deposits, measured by standard
units of measurement, during the period covered by the
statement;
 (f) the gross value of product in dollars and cents;
 and
 (5) any other information requested by the
 department.
 (2) This section applies regardless of the location of
any smelter, mill, or reduction works to which the ore or

1 ~~other mineral products or deposits are shipped.~~

2 ~~(3) Any sampling, testing, or assaying made necessary~~
 3 ~~to comply with this section must be completed within this~~
 4 ~~state and prior to any mixture of the ore to be assayed with~~
 5 ~~the ore from any other mine or mining property."~~

6 Section 2. Section 15-37-104, MCA, is amended to read:

7 "15-37-104. Mine operator's statement of gross value
 8 ~~--- reports and sampling.~~ (1) Every person engaged in or
 9 carrying on the business of working or operating any mine or
 10 mining property in this state from which gold, silver,
 11 copper, lead, or any other metal or metals, precious or
 12 semiprecious gems or stones are produced must, not later
 13 than April 15 in such year when engaged in or carrying on
 14 any such business, work, or operation, make out a statement
 15 of the gross value of product from all mines and mining
 16 properties worked or operated by such person during the
 17 calendar year immediately preceding. Such statement shall be
 18 in the form prescribed by the department of revenue and must
 19 be delivered to the department not later than April 15. The
 20 department may grant a reasonable extension of time for
 21 filing statements upon good cause shown therefor. Such
 22 statement shall show the following:

23 ~~(1)(a)~~ the name, end address, and telephone number of
 24 the owner, or lessee, or operator of the mine or mining
 25 property;

1 ~~(2)(b) the description and location of the mine or~~
 2 ~~mining property the mine's location by county and legal~~
 3 ~~description;~~

4 ~~(3)(c)~~ the number of tons of ore or other mineral
 5 products or deposits extracted from the mine or mining
 6 property during the period covered by the statement;

7 ~~(4)(d)~~ the name and location of the smelter, mill, or
 8 reduction works to which such ore has been shipped or sold
 9 during the period covered by the statement and such other
 10 information as the department may require;

11 ~~(5)(e)~~ the gross yield of such ores, mineral products,
 12 or deposits in constituents of commercial value, that is to
 13 say, the number of ounces of gold or silver, pounds of
 14 copper, lead, or zinc, or other commercially valuable
 15 constituents of said ores or mineral products or deposits,
 16 measured by standard units of measurement, during the period
 17 covered by the statement;

18 ~~(6)(f)~~ the gross value of product in dollars and
 19 cents.

20 ~~(2) This section applies regardless of the location of~~
 21 ~~any smelter, mill, or reduction works to which the ore is~~
 22 ~~shipped.~~

23 ~~(3) Any sampling, testing, or assaying made necessary~~
 24 ~~to comply with this section must be completed within this~~
 25 ~~state and prior to any mixture of the ore to be assayed with~~

1 the ore from any other mine or mining property."

-End-

HB629

TAXATION COMMITTEE

47th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
HB 599	To regulate the ownership of agricultural land by requiring certain persons, etc., to report ownership of interest in agricultural lands	Jan 31	Sivertsen	Feb 13	Do not pass Feb 20 10-5	
HB 609	To provide a graduated schedule for the tax rate applicable to improvements on real property for new and expanding manufacturing industry	Feb 2	Fabrega	Feb 13	Do not pass 13-2 Feb 19; Back to comm Feb 19; Scheduled for rehearing March 18 Do not pass March 27 4 opp Do pass April 3 11-7	
HB 614	To amend initiative 86, concerning income tax indexing	Feb 2	Yardley	Feb 16	Do not pass 11-6 March 4	
HB 627	To allocate revenue collected on certain centrally assessed property in a county to local governments.	Feb 3	Asay	Hearing permanently cancelled at request of sponsor.		
HB 629	To clarify the reporting requirements for persons subject to the gross proceeds tax and metalliferous mines license tax	Feb 4	Harrington	Feb 20	Do pass as amended Unan Feb 20	
HB 633	Defining all terrain vehicles	Feb 4	Waldron	Feb 17	Tabled Feb 17 Unan	

fuel. Mr. Warren Marting, Air Transport Association, replied that the issue was currently before Congress. The current tax on jet fuel is nonexistent; aviation gas is four cents per gallon. Rep. Devlin then asked Mr. Ries if the grants for the projects he had mentioned weren't composed of about 90% Federal funding. He replied that they were, but this funding cannot be used any more; in addition it was now only for public areas.

Mr. O'Brien was asked how the Aeronautics Board funds were handled. One cent per gallon is put in an earmarked revenue fund, but the Legislature still has to authorize expenditures. Rep. Williams asked Mr. Baskfield if he would furnish the Committee with what the one-cent per gallon would add to fares on a passenger per mile basis. He said that he would furnish this. Rep. Williams then asked Mr. Dave Goss about his statement that other States have less tax than Montana. He replied that many of the States have rebates or other vehicles by which the tax is reduced.

Rep. Harp requested a comparison of what property taxes were in other States, in relation to what the aviation fuel tax was.

Rep. Sivertsen then closed. There are several things that need clearing up. (1) He pointed out that a member of the Legislature is on the Montana State Aeronautics Commission, in response to the allegation that the Legislature has no control over the funding. (2) Regarding the amount of the tax in other States, he pointed out that other taxes had a bearing on the airlines, and therefore, the impact of the aviation fuel tax might not be as big as had been thought. (3) Impact on the airlines. In previous sessions of the Legislature, he has researched the issue of airfares being raised. He submitted that they would go up only a few cents, and stressed he would like to see the airlines' figures on this. He stressed that the Committee didn't want to adversely affect the airline industry. The reason the bill is being introduced is so that the airport system in Montana could be upgraded and the airlines will be enhanced. He submitted that the airlines weren't as bad off financially as they had stated; Frontier Airlines made record profits in 1980. The tax increase would raise \$350,000 per year. He pointed out that there hasn't been a tax increase since 1945. As far as the allegation that Montana is the highest tax State in the country, other factors need to be considered, which are part of the revenue picture, also. The hearing on HB 548 was then closed.

HOUSE BILL 629 was then heard. The sponsor, Rep. Dan Harrington, stated that this bill would clarify reporting requirements for persons subject to the Gross Proceeds tax and Metalliferous Mines License tax. This bill came as a result of the closing of the smelter in Anaconda. It is important that the amount of the ore be estimated before it leaves the State; it is important that Montana's interest in it be protected. An article from the San Diego Tribune was distributed; see Exhibit "F." As the ore passes out of the State, the Anaconda Company has stated that there would be no mixing of other ores. The only problem

is, the State needs to guarantee this. This bill will not cost the Anaconda Company any money. This bill is a form of a safety measure to protect the interest in the gross proceeds tax and the metal mines tax. Anaconda Company says they don't move ores; they move concentrates so the bill could be amended, but he wanted ores also left in it. As the products are moving out, other commodities are coming out and he hopes the bill will also cover them. The point is that they want an accurate estimate so they can figure out what to do to maintain Montana's tax balance. Other mines are growing, and he also wants to know where those ores are going to go. He feels that assays should be made on the trains that go out of the State.

There were no PROPONENTS; there were no OPPONENTS. Questions were then asked. Rep. Underdal wanted to know if a base for taxing the mineral could be arrived at when the concentrate was sampled. Rep. Harrington replied that at present what the State gets back from Anaconda is the amount, and taxes are paid on a percentage. This bill will provide the State with a safeguard.

Rep. Williams wanted to know what the present procedure was for doing the assaying. Rep. Harrington stated that the Anaconda Company did it, but the reports were not made available. If this bill were enacted they would still be doing it, but they would have to file a certified report of the assay with the State.

Rep. Burnett wanted to know if the bill would cause the Anaconda Company to make more assays than they were currently making. Rep. Harrington pointed out that the mine operators weren't going to ship the ore out until it had been sufficiently assayed anyway. Rep. Nordtvedt asked an Anaconda Company representative if the bill seemed workable to him, and he replied that Rep. Harrington knew more about the bill than he did. Mr. Don Hoffman, Department of Revenue, stated that the only currently available reports contain pound and price per pound. The Department doesn't have any way of knowing what kind of minerals are being shipped out. This bill would help enable the Department to do better audits.

Rep. Williams wanted to know if there was a mechanism for spot-checking, and Rep. Harrington said he didn't believe there presently was. Rep. Neuman wanted to know what the per pound tax was on copper at present. 3% is run on the metal mines tax, and the gross proceeds tax is similar to that amount. Rep. Harrington pointed out that the bill excluded smaller mines.

Rep. Harrington then closed, and the hearing on HB 629 was closed.

HOUSE BILL 288, sponsored by Rep. Jay Fabrega, was then heard. This bill is an equity measure; it will impose the same penalty on interest on mobile homes and house trailers that are not taxed as improvements as is provided for in Section 15-16-102, MCA. Presently this penalty under 15-16-102 is 2% and the interest is 8% per year. He requested that the bill be approved, but that a coordination clause be made with

Janelle Fallan, Montana Chamber of Commerce, then rose in opposition to the bill.

Tom Glorwigen, KOA Owners Association, stated that the Association unanimously opposes this bill; he submitted that it was discriminatory.

John Wilson, appearing at the request of Rep. Bob Dozier, and Administrator for Public Affairs and Tourism in the Highway Department, then spoke; see written testimony Exhibit "L." They don't oppose the bill because it wishes to fund the Travel Bureau, but because it unduly taxes one portion of the industry, and the entire industry should share this responsibility.

Questions were then asked. Rep. Harp cited other industries which profited from tourism, and asked why they hadn't been included in the bill. Rep. Keedy agreed that they should be, but stated that to do this without imposing a sales tax would be difficult to do.

Rep. Bertelsen asked Mr. Strobe, regarding the requirement that local communities be compensated, how motels and hotels managed to fall into this category. Mr. Strobe stated that the Drake Amendment says that when the Legislature imposes on a County or a City a function that will cost them, they have to make an arrangement. He thinks the towns should keep a small portion of the tax to take care of the cost.

Rep. Harp brought up the issue of compensation to the innkeeper for compiling the information, signing the statement, and delivering it. Rep. Keedy said he felt that it was a good suggestion, and wouldn't resist it. Regarding financial burden, he also feels the County Treasurer maybe should be compensated. Rep. Hart wanted to know if the tax credit was o.k'd by the Department of Revenue. She also wondered if there would be a very good chance of the average person keeping track of their tax until they filed their income taxes.

John Clark, Department of Revenue, commented that there are some technical problems with the bill. Sections 2 and 3 appear to allow both the individual and the owner to take credit. The Chairman requested that Mr. Clark submit his problems with the bill in written form.

Rep. Keedy then closed. This is not a tax on the hotel and motel or anyone but the out-of-State person. This bill would work well with the other bill the Governor has recommended. Whether or not the appropriation level stays at \$700,000, he trusts this bill could work with it, and come up with adequate means of meeting the funding requirement. The hearing on HB 756 was then closed.

The Committee went back into EXECUTIVE SESSION. Rep. Harrington suggested some amendments to HOUSE BILL 629; see Exhibit "M." He moved the amendments; motion carried unanimously. Rep. Harp moved that the bill DO PASS AS AMENDED. Rep. Nordtvedt pointed out that no one from the Anaconda Company had appeared to testify against the bill.

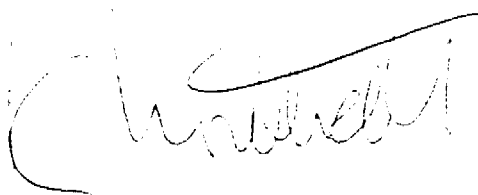
The question was then called for; motion carried unanimously.

HOUSE BILL 599 was then considered again. Rep. Sivertsen finished going over the amendments (Exhibit "K"). He then moved the amendments. Discussion. Rep. Nordtvedt expressed opposition to the bill. The question was called for on the amendments; motion carried unanimously. Rep. Roth then moved that the bill DO NOT PASS. Discussion. The question was called for; (There were three written ballots in favor of the motion and two against it.); Motion carried 10 - 5.

Rep. Harp then moved that HOUSE BILL 288 DO PASS; motion carried unanimously.

Rep. Burnett moved that HOUSE BILL 511 DO NOT PASS; motion carried 9 - 6; see roll call vote.

The meeting was adjourned at 11:40 a.m.

A handwritten signature in dark ink, appearing to read 'Ken Nordtvedt', is written over a horizontal line.

Rep. Ken Nordtvedt, Chairman

HOUSE BILL 629 introduced (white), be amended as follows:

✓1. Title, line 8.
Following: "ORES"
Insert: "AND CONCENTRATES"

✓2. Page 2, line 6.
Following: "ore"
Insert: ", concentrate,"

✓3. Page 2, line 10.
Following: "ore"
Insert: ", concentrate,"

→ ✓4. Page 2, line 13.
Following: "ores,"
Insert: "concentrates,"
~~Following: "ores,"~~

✓5. Page 2, line 17.
Following: "ores"
Insert: ", concentrates,"

✓6. Page 2, line 25.
Following: "ore"
Insert: ", concentrate,"

(X) ✓7. Page 3, line 4.
Following: "ore"
Insert: "or concentrate"

8. Page 3, lines 4 and 5.
Following: line 4.
Strike: "the"
Following: "ore" on line 5
Insert: "or concentrate"

✓9. Page 4, line 4.
Following: "ore"
Insert: ", concentrate,"

✓10. Page 4, line 8.
Following: "ore"
Insert: "or concentrate"

✓11. Page 4, line 11.
Following: "ores,"
Insert: "concentrates,"

✓12. Page 4, line 15.
Following: "ores"
Insert: ", concentrates,"

✓13. Page 4, line 21.
Following: "ore"
Insert: "or concentrate"

Handwritten note:
The following amendments are suggested.
The amendments are numbered 1 through 13.

✓7. page 3, line 4 and 5
Following "ore" on line 4
insert: "or concentrate"
following: line 4
Strike: "the"
following "ore" on line 5
insert "or concentrate"

~~Pagament 5~~

13. Page 4, line 25
through line 1 on page 5

DO PASS

[illegible]

Mel Williams

2-20-81

288

yes

594 (Amend)

oppose

511

yes

X 763

Do Pass

Wms - y

X 775

Do Pass

Wms - y

629

yes

756

No

What Bills will you
take exec action on -
Tom

Votes of Tom Usay on Exec
Action 2/20/81

288 - yes

629 Do Pass
A~

Bob

599 yes

511 no

763 yes Do Pass

775 yes Do Pass

~~708~~

708 - no - no - no - no

Tom Usay -

February 21, 1961

MR. SPEAKER

We, your committee on TAXATION

having had under consideration HOUSE Bill No. 629

A BILL FOR AN ACT ENTITLED: "AN ACT TO CLARIFY THE REPORTING REQUIREMENTS FOR PERSONS SUBJECT TO THE GROSS PROCEEDS TAX AND METALLIFEROUS MINES LICENSE TAX AND TO REQUIRE ANY NECESSARY ASSAY TO BE COMPLETED PRIOR TO MIXTURE OF ORES AND SHIPMENT FROM THIS STATE; AMENDING SECTIONS 15-23-802 AND 15-37-104, MCA."

Respectfully report as follows: That HOUSE Bill No. 629, introduced (white), be amended as follows:

1. Title, line 8.
Following: "ORES"
Insert: "AND CONCENTRATES"

2. Page 2, line 6.
Following: "ore"
Insert: ", concentrate,"

3. Page 2, line 10.
Following: "ore"
Insert: ", concentrate,"

4. Page 2, line 13.
Following: "ores,"
Insert: "concentrates,"

5. Page 2, line 17.
Following: "ores"
Insert: ", concentrates,"

(Page 1 of 2 pages)

COMMITTED ON TAXATION AMENDMENTS TO HOUSE BILL 629:

6. Page 2, line 25.

Following: "ore"

Insert: ", concentrate,"

7. Page 3, lines 4 and 5.

Following: "ore" on line 4

Insert: "or concentrate"

Following: line 4

Strike: "the"

Following: "ore" on line 5

Insert: "or concentrate"

8. Page 4, line 4.

Following: "ore"

Insert: ", concentrate,"

9. Page 4, line 8.

Following: "ore"

Insert: "or concentrate"

10. Page 4, line 11.

Following: "ores,"

Insert: "concentrates,"

11. Page 4, line 15.

Following: "ores"

Insert: ", concentrates,"

12. Page 4, line 21.

Following: "ore"

Insert: "or concentrate"

13. Page 4, line 25 through line 1 on page 5.

Following: "ore" on line 25

Insert: "or concentrate"

Following: line 25 on page 4

Strike: "the" on page 5, line 1

Following: "ore" on page 5, line 1

Insert: "or concentrate"

AND AS SO AMENDED

DO PASS

HOUSE BILLS

COMMITTEE ON TAXATION

BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO NOT DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CON- CURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CON- CURRED IN DATE
533	3-03-81	3-18-81						3-18-81	
539	3-03-81	3-18-81							3-18-81
540	3-03-81	3-18-81					3-18-81		
541	3-04-81	3-18-81	Tabled						
548	3-12-81	3-24-81	Tabled	3/31/81					
552	3-03-81	3-19-81					3-19-81		
561	3-18-81	3-23-81							3-24-81
561	3-26-81						3-26-81		
569	2-20-81	3-16-81					3-16-81		
581	2-16-81	3-16-81	Tabled						
609	4-08-81	4-13-81						4-14-81	
622	2-20-81	3-16-81					3-26-81		
629	3-06-81	3-19-81					3-19-81		
635	3-04-81	3-17-81					3-17-81		
640	3-04-81	3-20-81	Laid on	table 3/24/81		Taken from committee	4-20-81		
654	3-04-81	3-20-81						4-03-81	

(Use Separate Sheet for Senate, House Bills, and Resolutions)

March 19, 1981
page 4

district problem. SB 15 addresses all types of local government bonds. If something happened to 15, we would like to see one bill that will address the ceiling problem.

ECK: Could we do the same with this as with Hims1's?

FABREGA. I would suggest you hold this one and see what happens to SB 15.

CONSIDERATION OF HOUSE BILL 629:

"AN ACT TO CLARIFY THE REPORTING REQUIREMENTS FOR PERSONS SUBJECT TO THE GROSS PROCEEDS TAX AND METALLIFEROUS MINES LICENSE TAX AND TO REQUIRE ANY NECESSARY ASSAY TO BE COMPLETED PRIOR TO MIXTURE OF ORES AND CONCENTRATES AND SHIPMENT FROM THIS STATE; AMENDING SECTIONS 15-23-802 AND 15-37-104, MCA."

Representative Dan Harrington, District 88, says the bill will clarify the reporting requirement for persons subject to the gross proceeds tax and metalliferous mines license tax and to require any necessary assay to be completed prior to mixture of ores and concentrates and shipment from this state. This bill calls for report of sampling at any mining property in the state. The report must list the amount of ore extracted. It calls for the name and location of smelter and reduction works at which the product has been shipped. There must be a report on the product in dollars and cents. The basic point in this bill is that any sampling, testing, or assaying, required must be available to the state upon shipment of the ore. I feel the state should be given at least the rough assay before ore leaves the state. Anaconda has stated they will not mix their ores during shipment. I think that could be changed at any time. We need to know what is actually going out of the Butte mines. There is an amendment. On page 5, line 1, following "cents" put "as defined." Representative Harrington said he would get the amendment to us.

There were no proponents, or opponents and questions were called from the committee.

NORMAN: Right now the ore is being assayed and a price being put on it for taxable purposes, is that true?

HARRINGTON: Presently it is taxed on the reporting procedure that comes back from the mining companies declarative sheets. Before, when the smelter was in Anaconda and the other in Great Falls, there was a better check when it was refined in the state.

MANLEY: Don't you mean better records than control?

HARRINGTON: I feel it is control, too. If there is a mixture along the way there would not be a guessing game as to which ore came from Butte or which came from Utah.

March 19, 1981

page 5

MANLEY: After ore leaves Montana, how do you presume you can do that?

HARRINGTON: They have to report what they have sold it for. This doesn't require Montana to set up an assay system. It gives DOR a better check on the amounts of tons of ore and what percentage of ore. Under this they also have the right to audit.

CRIPPEN: They don't have the right to audit now?

HARRINGTON: They can audit but there is no check system now.

ECK: Every shipment that would go out would have samples and assays made? Under current system it isn't assayed until it goes to the smelter?

HARRINGTON: There are reports; they just don't go to the State of Montana.

McCALLUM: You're asking because there is a tax. Does it go to the county or the state?

HARRINGTON: License tax goes to the state, gross proceeds to Silver Bow.

McCALLUM: Will this cost an added expense to the mining company?

HARRINGTON: No, we didn't set up a system where it would cause extra work.

GOODOVER: Does DOR have any comment on this bill?

WEINBERG: It would be good to have this material available but DOR doesn't have any strong feeling one way or another. It would be useful for auditing and checking value.

CRIPPEN: We have had mining for a long time--why wasn't this done earlier?

HARRINGTON: There was more control as far as what ore did come out of Butte. Now the ore is leaving Montana; there's a possibility of ore being mixed. I feel it should be passed.

GOODOVER: For committee information, does the company have any comment on this?

ANSWER: Generally we are in favor of the subject matter. We have told Representative Harrington we have no plan of mixing. The amendment is OK except it should be "contract price, market price, as applicable."

The hearing was closed on HB 629.

ROLL CALL

TAXATION COMMITTEE

47th LEGISLATIVE SESSION - - 1981

Date 3/19/81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat M., Chairman	✓		
McCallum, George, Vice	✓		
Brown, Bob	✓		
Brown, Steve	✓		
Crippen, Bruce D.	✓		
Eck, Dorothy	✓		
Elliott, Roger H.	✓		
Hager, Tom	✓		
Healy, John E. "Jack"	✓		
Manley, John E.	✓		
Norman, Bill	✓		
Ochsner, J. Donald	✓		
Severson, Elmer D.	✓		
Towe, Thomas E.		✓	

Each day attach to minutes.

STANDING COMMITTEE REPORT

March 19

81

19

PRESIDENT:

MR.

TAXATION

We, your committee on

House

629

having had under consideration Bill No.

Harrington (Healy)

House

629

Respectfully report as follows: That Bill No.

BE CONCURRED IN

DO PASS